

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1642-16  
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HS for HCS for HB 762  
Subject: Health Care; Health, Public; Insurance - Medical; Medical Procedures and Personnel  
Type: Original  
Date: June 4, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
All funds*	(Unknown)	(Unknown)	(Unknown)
General Revenue	(Unknown greater than \$338,188)	(Unknown greater than \$367,194)	(Unknown greater than \$397,991)
Insurance Dedicated	\$10,000	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>(Unknown, greater than \$428,188)</b>	<b>(Unknown, greater than \$467,194)</b>	<b>(Unknown, greater than \$497,991)</b>

\*Expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Unknown revenues and expenditures annually net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health (DOH)** state the proposal would not be expected to significantly impact the operations of the department. If the proposal were to substantially impact DOH programs, then the department would request funding through the appropriation process.

**Department of Social Services (DOS) - Division of Medical Services (DMS)** officials state the U.S. Code referenced in this portion of the proposal would allow persons who have been diagnosed with breast or cervical cancer and screened for breast and cervical cancer under the Center for Disease Control and Prevention breast and cervical cancer early detection program (established under title XV of the Public Health Service Act in accordance with the requirements of section 1504 of the Act) to receive the needed treatment for breast or cervical cancer. The Center for Disease Control and Prevention breast and cervical cancer early detection program targets low income, underserved women up to 200% of the Federal Poverty level.

#### **Breast Cancer Recipient:**

The Center for Disease Control (CDC) predicted that 3,700 women in Missouri would be diagnosed with breast cancer in the year 2000. It is estimated that 21% of the 3,700 would fall into this category, and of these 777 women, 81.16% would have some form of health care coverage. DMS assumes that the remaining 146 women would be in the new eligible group. The estimated annual medical cost for this population is \$8,000 per person.

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	146	152	158
Annual cost	x \$8,000	x \$8,320	x \$8,653
Total estimated cost	\$1,168,000	\$1,264,640	\$1,367,174

#### **Cervical Cancer Recipient:**

The Center for Disease Control predicted there would be 12,800 new cases of cervical cancer in the year 2000. Missouri's population represents 2.1% of the U.S. population, so the DMS assumes 269 Missourians would be detected with cervical cancer. It is estimated that 21% of the 269 women would fall into this category, and of these 56 women (81.16%) would have some form of healthcare coverage. DMS assumes that the remaining 11 women would be in the new eligible group. The estimated annual medical cost for this population is \$6,600 per person.

ASSUMPTION (continued)

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	11	12	13
Annual cost	x \$6,600	x \$6,864	x \$7,139
Total estimated cost	\$72,600	\$82,368	\$92,807

DMS assumes a four percent increase in the annual cost each year. DMS also assumes a small increase in the eligible population based on the low increase in diagnosis of breast and cervical cancer.

The federal match rate is the enhanced CHIP rate of 72.74%.

DMS estimates the total costs for this portion of the proposal to be:

FY 2002	\$1,240,600
FY 2003	\$1,347,008
FY 2004	\$1,459,981

**OB/GYN Access:**

DOS officials state this portion of the proposal would affect the Division of Medical Services. Currently, MC+ managed care does not provide enrollees with direct access to OB/GYN services. State law does mandate access on one annual visit. Many health plans require a referral from the enrollees primary care physician to obtain OB/GYN services. DOS states this would increase their capitated rate when the health plans re-bid their contracts. The MC+ managed care and the fee-for-service programs do not currently notify enrollees of cancer screenings. This requirement would increase administrative cost for both the MC+ health plans and the fee-for-service program. DOS states the fiscal impact to the Division of Medical Services is unknown.

Officials from the **Department of Transportation (DHT)** state the portion of the proposal pertaining to coverage under Medicaid would have no fiscal impact on Missouri Highway and Transportation Commission (MHTC) or the Highway & Patrol Medical Plan. The portion of the proposal that pertains to time limits and transfer to other insurers for coverage on prosthetic devices and reconstructive surgery would also have no fiscal impact. The Medical Plan currently does not impose any time limits for these services and has no waivers for pre-existing conditions.

The Highway & Patrol Medical Plan currently does not limit direct access to

obstetrical/gynecological services, therefore this provision would have no fiscal impact to the Medical Plan. The provision of notifying enrollees of the cancer screenings also would not fiscally impact the Medical Plan, because Section 104.801 RSMo does not require the Medical ASSUMPTION (continued)

Plan to provide this notification. If the Medical Plan would be required to notify enrollees of the cancer screenings, DHT assumes a reasonable manner of notification would be sufficient, therefore, this provision would have not fiscally impact the Medical Plan. The Medical Plan does provide coverage for bone density testing if it is medically necessary. Assuming that the phrase "when clinically appropriate" means "medically necessary," there would be no fiscal impact to the Medical Plan.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they will provide. Until the commission makes a decision, we can only provide the cost to the medical plan.

**Department of Insurance (INS)** officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this portion of the proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS states there are 171 health insurers and 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 29 HMOs would each submit one policy form amendment resulting in revenues of \$10,000 to the Insurance Dedicated Fund. If multiple proposals pass during the legislative session which would require form amendments to be filed, the insurers would probably file one amendment for all required mandates. INS states this would result in increased revenue of \$10,000 for all proposals.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this proposal would allow members to directly access participating obstetricians or gynecologists without a referral from a primary care physician (PCP). HCP states the more "open" the access to providers, the higher the premium associated with the product. As evident in the HCP plans, the open access plans are considerably more costly than those requiring a PCP referral to a specialist. It is very difficult to accurately predict the cost associated with this proposal. One cannot predict how many would directly access these providers or for what services. HCP states this proposal has an unknown fiscal impact.

HCP further states this proposal would require carriers to annually notify female members of

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available cancer screenings. The plans currently have the ability to notify their members through mailings of newsletters, id cards, etc. Therefore, HCP would expect no additional cost associated with this provision.

ASSUMPTION (continued)

Plans currently cover bone density testing for postmenopausal women. Therefore, this provision would not have a fiscal impact.

Lastly, this provision requires carriers to offer contraceptive coverage at either no charge or on a formulary. If contraceptive coverage is provided on a formulary, such coverage shall not be a greater financial burden than other services provide by the policy. HCP's contracts provide oral contraception to members at no cost. This provision does require the option to not select contraceptive coverage. The plans are required to provide notice on the enrollment forms allowing members the option of choosing contraception coverage. This may require the plans to incur additional administration fees. But these costs are expected to be minimal.

HCP currently provides coverage for reconstructive surgery and prosthetics for breast cancer patients. Therefore, this provision does not fiscally impact MCHCP.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**ALL FUNDS**

Costs - All Funds

Increased state contributions*	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT ON ALL FUNDS\***

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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**\*Expected to exceed \$100,000 annually.**

**GENERAL REVENUE FUND**

Costs - Department of Social Services

Medical assistance payments	<u>(Unknown greater than \$338,188)</u>	<u>(Unknown greater than \$367,194)</u>	<u>(Unknown greater than \$397,991)</u>
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FISCAL IMPACT - State GovernmentFY 2002  
(10 Mo.)

FY 2003

FY 2004

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND****(UNKNOWN  
GREATER  
THAN  
\$338,188)****(UNKNOWN  
GREATER  
THAN  
\$367,194)****(UNKNOWN  
GREATER  
THAN  
\$397,991)****INSURANCE DEDICATED FUND**Income - Department of Insurance

Form filing fees

\$10,000\$0\$0**ESTIMATED NET EFFECT ON  
INSURANCE DEDICATED FUND****\$10,000****\$0****\$0****FEDERAL FUNDS**Income - Department of Social Services -  
Division of Medical Services

Medicaid reimbursements

Unknown  
greater than  
\$902,412Unknown  
greater than  
\$979,814Unknown  
greater than  
\$1,061,990Costs - Department of Social Services -  
Division of Medical Services

Medical assistance payments

(Unknown  
greater than  
\$902,412)(Unknown  
greater than  
\$979,814)(Unknown  
greater than  
\$1,061,990)**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS****\$0****\$0****\$0**FISCAL IMPACT - Local GovernmentFY 2002  
(10 Mo.)

FY 2003

FY 2004

**LOCAL POLITICAL SUBDIVISIONS**Costs - All Funds

Increased local contributions\*

(Unknown)(Unknown)(Unknown)

FISCAL IMPACT - Local Government

FY 2002  
(10 Mo.)

FY 2003

FY 2004

**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS    (UNKNOWN)    (UNKNOWN)    (UNKNOWN)**

**\*Expected to exceed \$100,000 annually.**

FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted to the extent they would incur additional health insurance premiums as a result of the requirements of this proposal.

DESCRIPTION

This proposal contains provisions pertaining to women's health care services and insurance.

**WOMEN'S HEALTH SERVICES**

The proposal would make several changes in the law governing the provision of preventive health care services for women. In its main provisions, the proposal would: (1) require health carriers that offer obstetrical/gynecological coverage and pharmaceutical coverage to provide direct access to an obstetrician or gynecologist of a woman's choice within the provider network for covered services; (2) require health carriers to notify enrollees of covered cancer screenings at regular intervals, consistent with American Cancer Society guidelines, and would specify the method of notification; (3) require coverage for the diagnosis, treatment, and management of osteoporosis for individuals with a condition or medical history in which bone mass measurement is medically indicated. Testing or treatment must give consideration to peer review medical literature; (4) require health carriers that provide pharmaceutical coverage to include coverage for contraceptives which excludes drugs and devices that would be intended to induce an abortion. Coverage for prescriptive contraceptive drugs or devices would not be excluded if prescribed for other diagnosed medical conditions; (5) exempt specified insurance policies from the provisions of the proposal; (6) allow health carriers to issue a health benefit plan to persons or entities which excludes coverage for contraceptives if the exclusion is based on a person's or entity's moral, ethical, or religious beliefs. Health carriers owned and operated by religious entities would be exempt from the insurance requirement for contraceptive coverage; (7) require non-exempt health carriers to allow enrollees to purchase a health benefit plan which includes coverage for contraceptives if the plan excludes coverage for contraceptives; (8) require health carriers to provide clear and conspicuous notice in the enrollment form whether contraceptives would be included in the plan and that the individual has the right to have them

included or excluded from the plan. Carriers would be prohibited from disclosing any individual's request for inclusion or exclusion of contraceptive coverage. Further, no carrier or purchaser of a plan may discriminate against an enrollee because of the enrollee's request regarding contraceptive coverage.

## MEDICAID COVERAGE FOR BREAST AND CERVICAL CANCER

Medicaid recipients are eligible for Medicaid coverage for breast and cervical cancer. During the eligibility determination, a recipient would be eligible during a period of presumptive eligibility. If all eligibility requirements are met, the person would receive Medicaid coverage.

## DESCRIPTION (continued)

### INSURANCE COVERAGE FOR MASTECTOMIES

Current law requires health insurance carriers to provide coverage for mastectomies, prosthetic devices, or reconstructive surgery. The proposal would prohibit a time limit from being imposed on an individual for the receipt of a prosthetic device or reconstructive surgery. The proposal would also require that if an individual changes insurer, the new policy would be subject to and provide coverage consistent with the federal Women's Health and Cancer Rights Act.

### HOSPITAL WHISTLEBLOWER PROTECTIONS

The proposal would make a technical correction to the statutes concerning whistleblower protections for employees of hospitals and ambulatory surgical centers. Employees would be informed of their right to notify the Department of Health of any information concerning alleged violations of applicable federal or state laws or administrative rules concerning patient care and safety or facility safety.

### DEPARTMENT OF INSURANCE

The Department of Insurance would be required to submit a copy of any contract, written agreement, or approved letter of intent to the Attorney General if the contract agreement or letter obligates the state in excess of \$100,000. Within 10 days, the Attorney General would be required to review and approve or disapprove the contract, agreement, or letter of intent based on its legal form and content in order to protect the interests of the state. If no response would be provided by the Attorney General as stated, the contract would be approved.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



SOURCES OF INFORMATION

Department of Insurance

Department of Transportation

Department of Social Services

Missouri Consolidated Health Care Plan

**NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol and the Department of Conservation**

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

June 4, 2001